S&L probe has possible CIA links

Authorities target Houston developer

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Federal authorities are investigating Houston developer Robert L. Corson in connection with several failed financial institutions where fraud contributed to their demise, The Houston Post has learned.

Corson, who already has been barred from having any dealings with federally insured financial institutions, is the former son-in-law of Houston businessman and political power broker Walter M. Mischer Sr.

Assistant U.S. Attorney John Smith, who heads the fraud division of the U.S. Attorney's office in Houston, said, "there are currently two ongoing intensive investigations" that focus on Corson.

During an eight-month investigation into the role of fraud in the nation's savings and loan crisis, The Post has found evidence suggesting a possible link between the Central Intelligence Agency and organized crime in the failure of at least 22 thrifts, including 16 in Texas.

Corson purchased one of these thrifts, Vision Banc Savings in Kingsville, which had assets of $70 million, in early 1986.

Four months later, the thrift was insolvent, in part because of $20 million in loans that were made to help finance a Florida land deal.

Corson is identified in federal law enforcement records as a "known money launderer." One former CIA operative told The Post that Corson frequently acted as "a mule" for the agency, meaning that he would carry large sums of cash from country to country.

The CIA would neither confirm nor deny whether Corson had a relationship with the agency.

One of the people who helped arrange the Florida land transaction was Miami lawyer Lawrence Freeman, a convicted money launderer with ties to CIA agents and organized crime figures. Hill Financial Savings in Red Hill, Pa., put up $80 million to help seal the deal.

Hill Financial also was among the 22 failed thrifts where The Post found connections to the CIA and organized crime.

Smith would not divulge details

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of the Justice Department's investigations into Corson's dealings, but did say one of the probes involves prosecutors in Texas, Florida and Pennsylvania.

The Post was unable to reach Corson for comment. The telephone in his Houston office has been disconnected. He is said to be staying in San Diego, Calif., and phone calls to his residence there were not returned.

CORSON: Target

In the 1986 Florida transaction, St. Joe Paper Co. sold 21,000 acres of prime Gulf Coast property for $200 million to a consortium of investors that included several organized crime figures and CIA operatives.

The Post learned that $80 million went directly to St. Joe Paper Co., and about $7 million was wired to a company tied to narcotics smugglers and drug money launderers in the Isle of Jersey, a tax haven in the English Channel.

About $3 million and a 23-acre parcel of prime waterfront property — land that was part of the original St. Joe Paper Co. tract — was diverted back to Corson.

During the same year, sources told The Post, Corson rolled up more than $150,000 in gambling debts at Las Vegas casinos, spent more than $250,000 on automobiles, including $120,000 for an Aston Martin, bought a high-speed cigarette boat for $150,000, spent around $100,000 on thoroughbred race horses, and had a huge steel walk-in vault installed in his Houston home.

In 1988, the Federal Home Loan Bank Board barred Corson from owning or operating any federally insured financial institution because of his role in the collapse of Vision Banc Savings.

And in 1989, Corson's mother, B.J. Garman, received similar sanctions from the Treasury Department's Office of Thrift Supervision for her part in the Vision Banc failure.

In a news release announcing the sanctions against Garman, the Office of Thrift Supervision said "examiners discovered a number of large, speculative loans that were tainted with conflicts of interest and other violations of law and regulations."

"Further investigation by OTS revealed that Vision Banc insiders had received financial benefit from loans made by Vision Banc that resulted in substantial loss to the thrift," the OTS release said.

"Insiders also arranged to have proceeds of significant dollar amount loans made by Vision Banc diverted through the borrowers and others back to themselves," the OTS said.

Said John Smith, head of the fraud division in the U.S. Attorney's Houston office: "The allegations that have been made are serious allegations. They are being actively investigated."